

## **AUDITS**

The General Canons (Title 1, Canon 7.1.5) and the Canons of The Episcopal Diocese of Hawai'i (Canon 41.1.5) require that "all accounts shall be audited annually by **such an accounting method as shall be permitted by the Diocesan Council**. All reports of such audits, including any memorandum issued regarding internal controls or other accounting matters, together with a summary of action taken or proposed to be taken to correct deficiencies or implement recommendations contained in any such memorandum, shall be filed with the Bishop or Ecclesiastical Authority not later than thirty (30) days following the date of such report, and in no event, not later than September 1 of each year, covering the financial reports of the previous calendar year". This canonical requirement was not enforced, largely owing to the fact that audits by an independent CPA are expensive.

The Finance & Real Estate Department (FRED), now called Stewardship Department had devised a detailed program to review and test financial statements, controls and procedures. We had engaged a CPA to use program to audit the missions and it has worked well. ***This program is not an audit in accordance with generally accepted auditing standards. It is agreed upon procedures that will be performed by the auditor.*** In our opinion, an audit by an independent CPA is neither necessary nor cost effective (with the exception of the larger parishes).

*See Agreed Upon Procedures Engagement agreement with auditors for audit program*